Credit flow to SSIs

2460. SHRI DINA NATH MISHRA: Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether it is a fact that credit flow to Small Scale Industries sector as percentage of net bank credit and also as percentage of priority sector net bank credit is decreasing since last few years;

(b) whether it is also a fact that the Planning Commission and the Reserve Bank of India have shown concern over shrinking of credit to SSIs; and

(c) if so, what are Government's plan to arrest this falling credit trend and re-orient the focus of lending institutions towards granting increased credit to Small Scale Industries?

THE MINISTER OF SMALL SCALE INDUSTRIES (DR. C.P. THAKUR): (a) to (c) As per the information received from the Reserve Bank of India (RBI), the percentage of SSI advances to Net Bank Credit (NBC) as also to that of priority sector advances of Public Sector Banks shows a declining trend over the last few years. Considering the concerns regarding this declining trend, the Planning Commission convened a meeting on 10th December, 2002 under the Chairmanship of the Deputy Chairman to discuss various issues relating credit flow to SSI sector. As a follow up, the meeting of the Reserve Bank of India (RBI)'s Standing Advisory Committee on Flow of Institutional Credit to SSI sector was held on 15th January, 2003. Based on the decisions taken in this meeting, the RBI has advised the banks inter-alia to consider budgeting their growth in advances to SSI sector keeping in view the trends in growth of net bank credit less food credit. Further, as per the Union Budget 2003-04, the Indian Banks' Association is advising all its member banks to adopt an interest rate band of 2 per cent above and below Prime Lending Rate (PLR) as announced by the State Bank of India.

Creation of Jobs In SSIs

2461. SHRI DINA NATH MISHRA: Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether it is fact that the Small Scale Industires sector has